

VZCZCXRO7366  
RR RUEHBI RUEHCHI RUEHCI RUEHCN RUEHLH RUESLE  
DE RUEHBU #1644/01 2341803  
ZNR UUUUU ZZH  
R 221803Z AUG 07  
FM AMEMBASSY BUENOS AIRES  
TO RUEHC/SECSTATE WASHDC 8987  
INFO RUEHAC/AMEMBASSY ASUNCION 6469  
RUEHBK/AMEMBASSY BANGKOK 0063  
RUEHBJ/AMEMBASSY BEIJING 0157  
RUEHBR/AMEMBASSY BRASILIA 6323  
RUEHCV/AMEMBASSY CARACAS 1429  
RUEHHI/AMEMBASSY HANOI 0025  
RUEHIL/AMEMBASSY ISLAMABAD 0034  
RUEHJA/AMEMBASSY JAKARTA 0027  
RUEHKL/AMEMBASSY KUALA LUMPUR 0053  
RUEHLP/AMEMBASSY LA PAZ 4845  
RUEHML/AMEMBASSY MANILA 0052  
RUEHMN/AMEMBASSY MONTEVIDEO 6677  
RUEHNE/AMEMBASSY NEW DELHI 0074  
RUEHSG/AMEMBASSY SANTIAGO 0699  
RUEHUL/AMEMBASSY SEOUL 0100  
RUEHGP/AMEMBASSY SINGAPORE 0044  
RUEHCI/AMCONSUL KOLKATA 0001  
RUEHCN/AMCONSUL CHENGDU 0001  
RUEHCG/AMCONSUL CHENAI  
RUEHCHI/AMCONSUL CHIANG MAI 0001  
RUEHGZ/AMCONSUL GUANGZHOU 0093  
RUEHHK/AMCONSUL HONG KONG 0020  
RUEHKP/AMCONSUL KARACHI 0009  
RUEHLH/AMCONSUL LAHORE 0003  
RUEHBI/AMCONSUL MUMBAI 0016  
RUEHRI/AMCONSUL RIO DE JANEIRO 2319  
RUEHSO/AMCONSUL SAO PAULO 3486  
RUESLE/AMCONSUL SHANGHAI 0017  
RUEHSH/AMCONSUL SHENYANG 0005  
RUEHIN/AIT TAIPEI 0029  
RUEHRC/DEPT OF AGRICULTURE USD FAS WASHINGTON DC  
RUEAIIA/CIA WASHINGTON DC  
RUEHC/DEPT OF LABOR WASHINGTON DC  
RUEATRS/DEPT OF TREASURY WASHINGTON DC  
RHMFIUU/HQ USSOUTHCOM MIAMI FL  
RHEHNSC/NSC WASHINGTON DC  
RUCPDOG/USDOC WASHDC

UNCLAS SECTION 01 OF 03 BUENOS AIRES 001644

SIPDIS

SIPDIS

EB/TPP/BTA/EWH FOR BETH LAMPRON  
WHA FOR WHA/BSC AND WHA/EPSC  
PASS NSC FOR MICHAEL SMART  
PASS FED BOARD OF GOVERNORS FOR PATRICE ROBITAILLE  
PASS USTR FOR KATHERINE DUCKWORTH AND MARY SULLIVAN  
TREASURY FOR ROSELLEN ALBANO  
USDOC FOR 4322/ITA/MAC/OLAC/PEACHER  
US SOUTHCOM FOR POLAD  
SEOUL PLS PASS TO PUSAN

E.O. 12958: N/A

TAGS: [ETRD](#) [EINV](#) [AR](#) [CH](#) [HK](#) [IN](#) [ID](#) [KN](#) [KS](#) [MY](#) [PK](#) [RP](#)

SN, TW, TH, VM

SUBJECT: NEW PROTECTIONIST NON-TARIFF BARRIERS TARGET  
CHINA, WOO DOMESTIC INDUSTRIAL SUPPORT

REF: A. BUENOS AIRES 1496

[1](#)B. BUENOS AIRES 1445

This cable replaces Buenos Aires 1628 - additional addressees  
have been added to reflect the potential impact of Argentine  
trade restrictions on a number of Asian exporting nations.

-----  
SUMMARY  
-----

¶1. (SBU) President Kirchner and Economy Minister Peirano announced an ill-defined package of non-tariff protectionist measures that targets imports of plastics, textiles, artificial leather, and tires. Growing Argentine imports from China (up 54% in the first half of 2007) were singled out as a growing threat to the GoA's goal of promoting a strong and diversified domestic industrial base. Following recent GoA pre-election cuts in consumer income tax liabilities and an increase in pension payments, local media is interpreting this latest announcement as a move by the Kirchner administration to assure domestic industrial support for Senator (and First Lady) Cristina Kirchner's presidential candidacy. End Summary.

-----  
Protectionist Measures Target China  
-----

¶2. (SBU) On August 17, President Kirchner and Economy Minister Miguel Peirano announced to an audience of industrial and trade chamber representatives a package of forthcoming protectionist import restrictions, which they had foreshadowed the day before as a small business exposition. The measures were justified by Kirchner and Peirano - and by industry reps - as a defense against "unfair competition," particularly from China. (Chinese exports to Argentina rose 54% in the first half y-o-y of 2007 to roughly US\$ 2 billion.) On August 16, Kirchner stated that the measures would "favor domestic business and jobs," then noted August 17 that "we want to compete with the world, but we also want

BUENOS AIR 00001644 002 OF 003

to have our investments." Peirano explained that the policies will help to "administer trade in a way which allows balancing investment, employment and stability." Juan Carlos Liscurain, President of the Argentine Industrial Union, said the decision was "a signal to keep betting on the future."

¶3. (SBU) Media is reporting that the new protectionist measures will target plastics, textiles, artificial leather, and tires. According to Adrian Makuc, the Economy Ministry's National Director of Trade Policy, nearly all of the measures have yet to be written. He told Econoff August 17 that the measures will likely include non-automatic import licenses on products such as shoe uppers and artificial leather goods; quality controls on tires and bicycles; and changes in Customs procedures on at least toys and footwear, which would more strictly enforce quality control and safety concerns. (On the last he cited recent U.S. restrictions on toys imported from China.) Makuc denied that there would be any new tariff barriers or tariff rate quotas applied. He added that, as only the Customs procedures can be made China-specific without violating WTO norms, the other measures would probably be applied to all trading partners.

-----  
Comment  
-----

¶4. (SBU) When Industry Secretary Peirano was named Economy Minister in July (Ref B), it was widely agreed that the GoA's already robust industrial policy would grow stronger still. From his first days in office, Peirano has expressed his conviction that promoting and sheltering the growth of a deep and diverse industrial base is fundamental to improving Argentina's terms of trade. This package of new and as-yet poorly-defined non-tariff barriers speaks to Peirano's protectionist philosophy and to growing domestic concern over the surge in Chinese imports (which, in this era of Chinese prowess in the export of consumer goods, follows ineluctably from the GoA's consumption-led economic recovery strategy). This step also reflects domestic industry's share of the pre-election pinata after the GoA's recent announcement of

BUENOS AIR 00001644 003 OF 003

cuts in consumer income tax liabilities and an increase in pension payments.

WAYNE